Retail Bond Offer Investor Presentation

February 2017

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Joint Lead Managers

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Contact

Important Notice

The offer of debt securities by Contact Energy Limited (Contact or the Issuer) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

The offer contained in this presentation is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Contact's:

- NZ$222,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 5.80% per annum) maturing on 15 May 2019, which are currently quoted on the NZX Debt Market under the ticker code CEN020 (CEN020 Bonds); and
- NZ$150,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 4.40% per annum) maturing on 15 November 2021, which are currently quoted on the NZX Debt Market under the ticker code CEN030 (CEN030 Bonds),

(the CEN020 Bonds and the CEN030 Bonds, together the Existing Bonds).

The Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (FMC Regulations).

A terms sheet (Terms Sheet) has been prepared by the Issuer in respect of the offer of the Bonds, which sets out how Bonds may be applied for.

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (NZX) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CEN

The Existing Bonds are the only debt securities of Contact that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Disclaimer

This document does not constitute a recommendation by the Issuer, Forsyth Barr Limited (Joint Lead Manager and Organising Participant), Westpac Banking Corporation (Joint Lead Manager), Deutsche Craigs Limited (Co-Manager), The New Zealand Guardian Trust Company Limited (Supervisor), nor any of their respective directors, officers, employees, affiliates or agents to subscribe for, or purchase, any of the Bonds.

To the extent permitted by law, none of the Issuer, Lead Manager, Co-Manager or Supervisor nor any of their respective directors, officers, employees, affiliates or agents accept any liability whatsoever for any loss arising from this document or its contents, or otherwise in connection with the offer or any person's investment in these Bonds.

This document is for preliminary information purposes only and is not an offer to sell or the solicitation of an offer to purchase or subscribe for the Bonds and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Speaker Profiles

Graham Cockroft

Chief Financial Officer

Graham Cockroft was appointed as Contact Energy's Chief Financial Officer in June 2012. Prior to this he spent three years as Contact's Chief Operating Officer in which he was responsible for the operation of Contact's wholesale and generation functions, including generation development.

Before joining Contact, Graham worked for nearly two decades for BG Group in senior strategy, business development and operational roles. Most recently, Graham was BG Group's Asset General Manager based in São Paulo, Brazil. He holds a Master of Commerce from the University of Otago, and a Master of Finance from the London Business School.

Louise Tong

Head of Treasury & Tax

Louise is responsible for funding, liquidity and financial market risks and tax at Contact. Prior to joining Contact in December 2011 she worked for 15 years in the banking industry in New Zealand, principally in corporate finance and financial markets. Louise holds a degree with Honours in Civil Engineering from the University of Canterbury and a Masters in Applied Finance from Victoria University of Wellington.

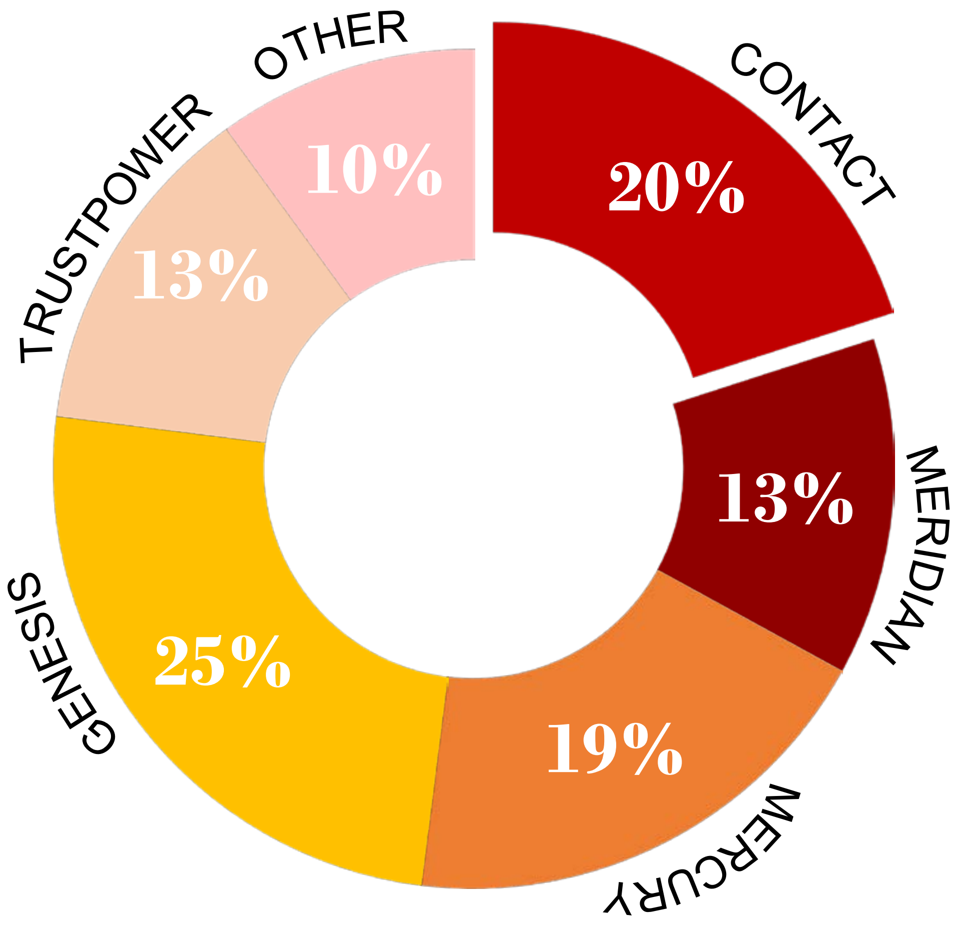
Agenda

1	New Zealand electricity market overview (slide 6)	Graham Cockroft
2	Contact overview (slide 9)	Graham Cockroft
3	Business performance update (slide 16)	Graham Cockroft
4	Capital structure and funding requirements (slide 21)	Louise Tong
5	Bond offer information (slide 25)	Fiona Doddrell, Westpac Banking Corporation Shaun Roberts, Forsyth Barr Limited

1. New Zealand electricity market overview

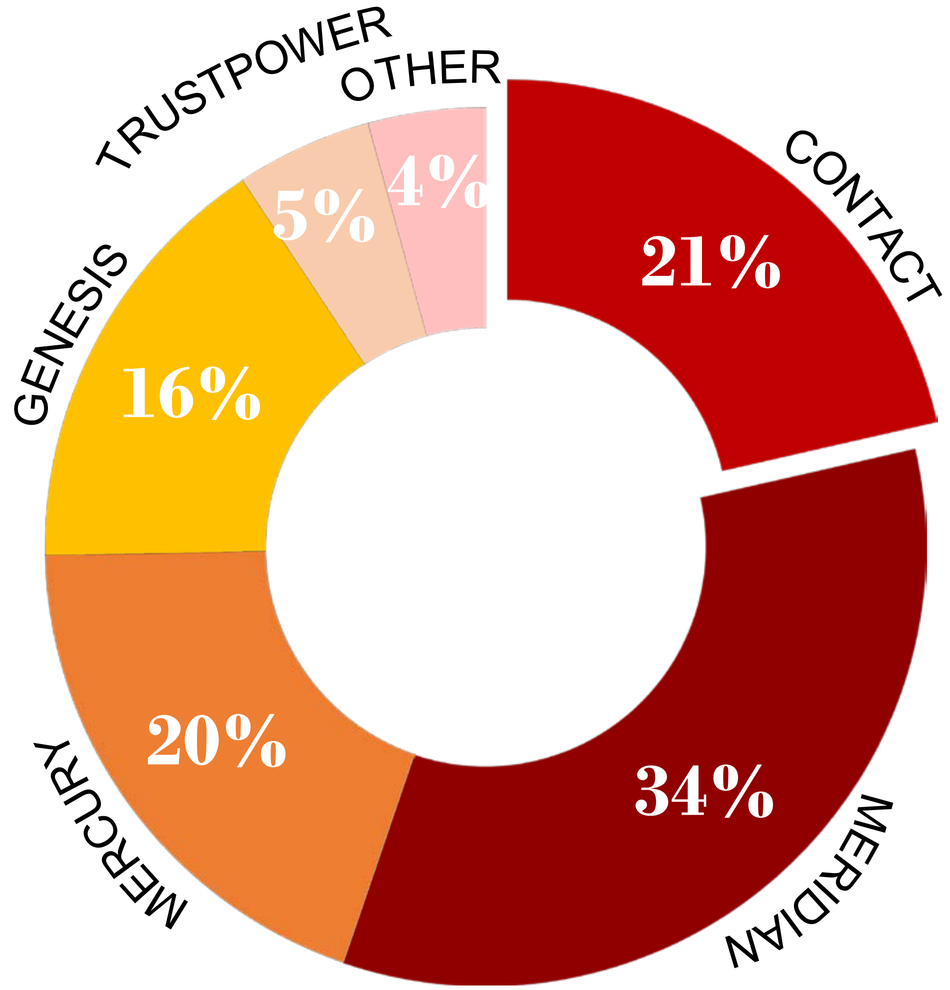
Industry dominated by vertically integrated companies with the five largest companies all publicly listed

Retail electricity market share by customer connections



Source: ***Electricity Authority (as at 31 December 2016)***

Generation market share by volume (GWh)

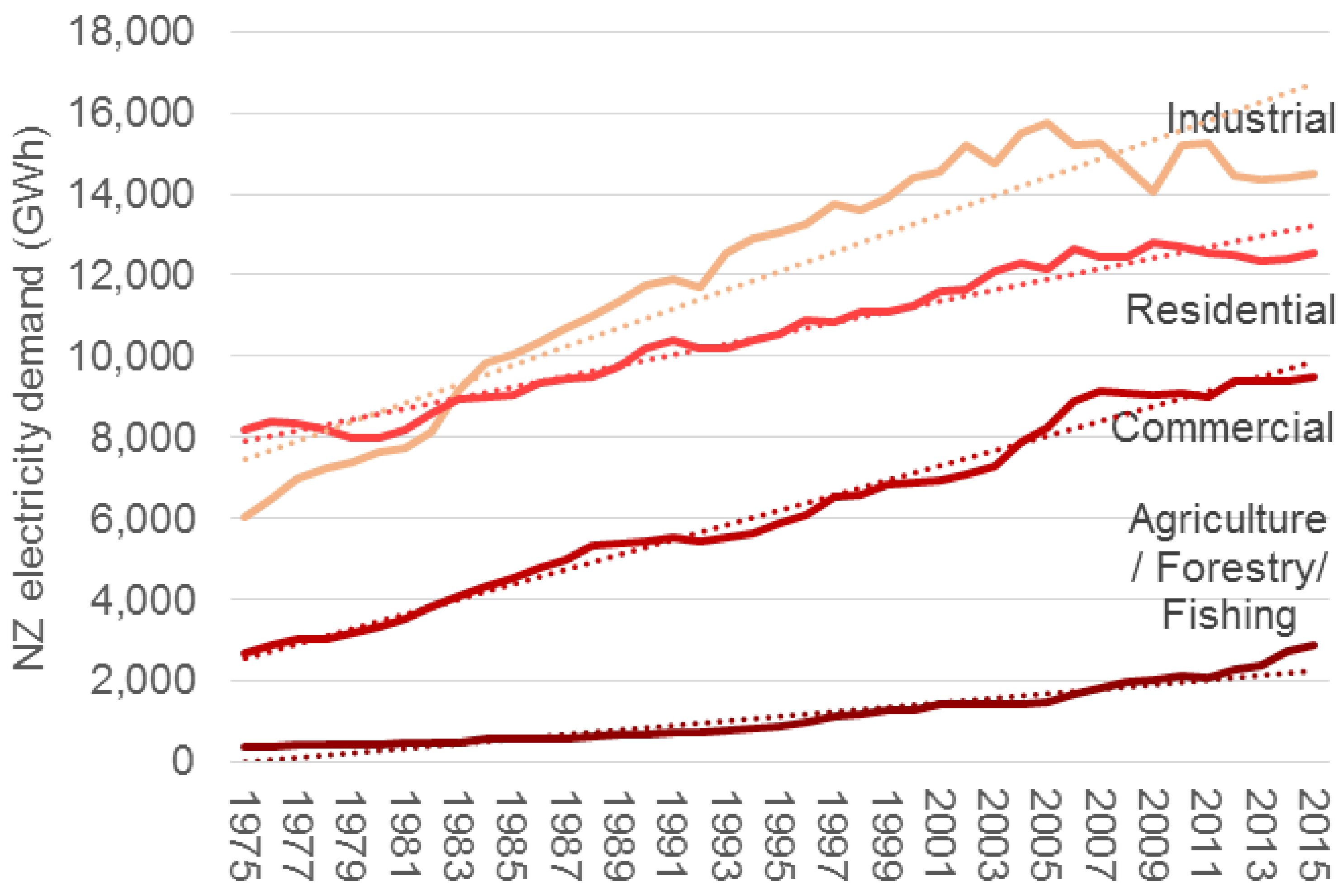


Source: ***Electricity Authority (year ended 31 December 2016)***

- Exact generation market share is dependent upon hydrology
- Contact has a diverse generation portfolio which is closely matched to load, allowing management of exposure to market volatility

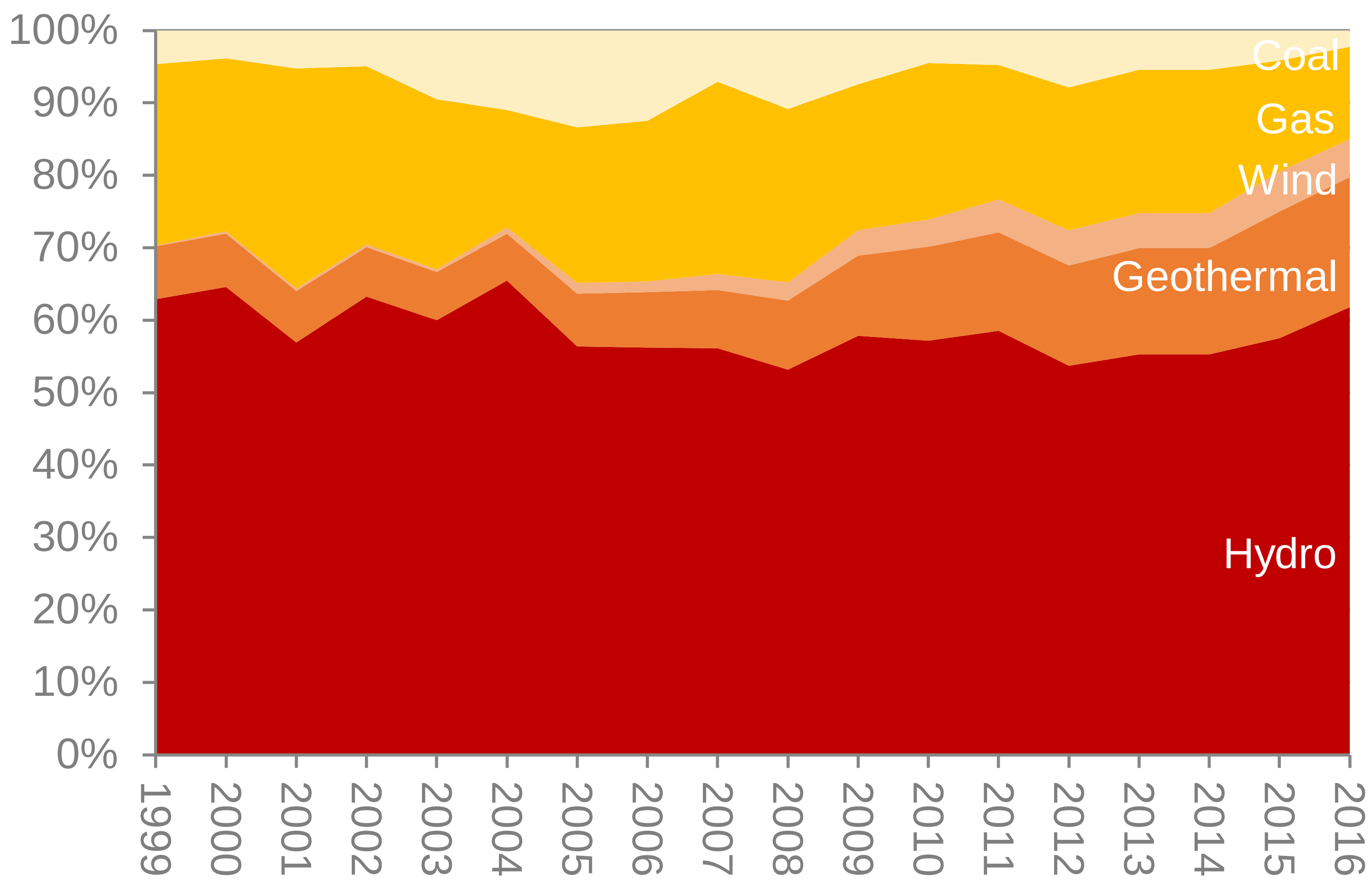
84% of New Zealand's 39,000 GWh of electricity consumption in 2016 came from renewable generation

National demand by sector



- » Total demand has remained largely stagnant since 2008
- » Threat of industrial closure, in particular Tiwai remains a risk
- » Distributed generation (e.g. solar) comprises approximately 0.1% of the total annual generation
- » Currently ~2,400 EVs in the total light passenger fleet of ~3 million

New Zealand electricity supply (GWh generation)



Data source: ***MBIE, Electricity Authority***

- » New Zealand has added subsidy free renewable generation, which, in a period of flat demand, has displaced fossil fuels

2. Contact overview

Snapshot of Contact Energy - we are an integrated electricity, gas and LPG business

21%
our share of the electricity generation market in New Zealand

82%
the proportion of electricity Contact generated from renewable resources in FY16

$84/MWh
the netback we received from retail sales in FY16

$31/MWh
the average cost to supply energy to our customers in FY16

20%
our share of the national electricity and gas markets (41% of LPG market)

560k
customer connections across electricity, natural gas and LPG

+12
our net promoter score for the 6 months ended 31 December 2016

5th equal
out of over 5,000 companies globally in Thomson Reuters Diversity & Inclusion Index as at 30 June 2016

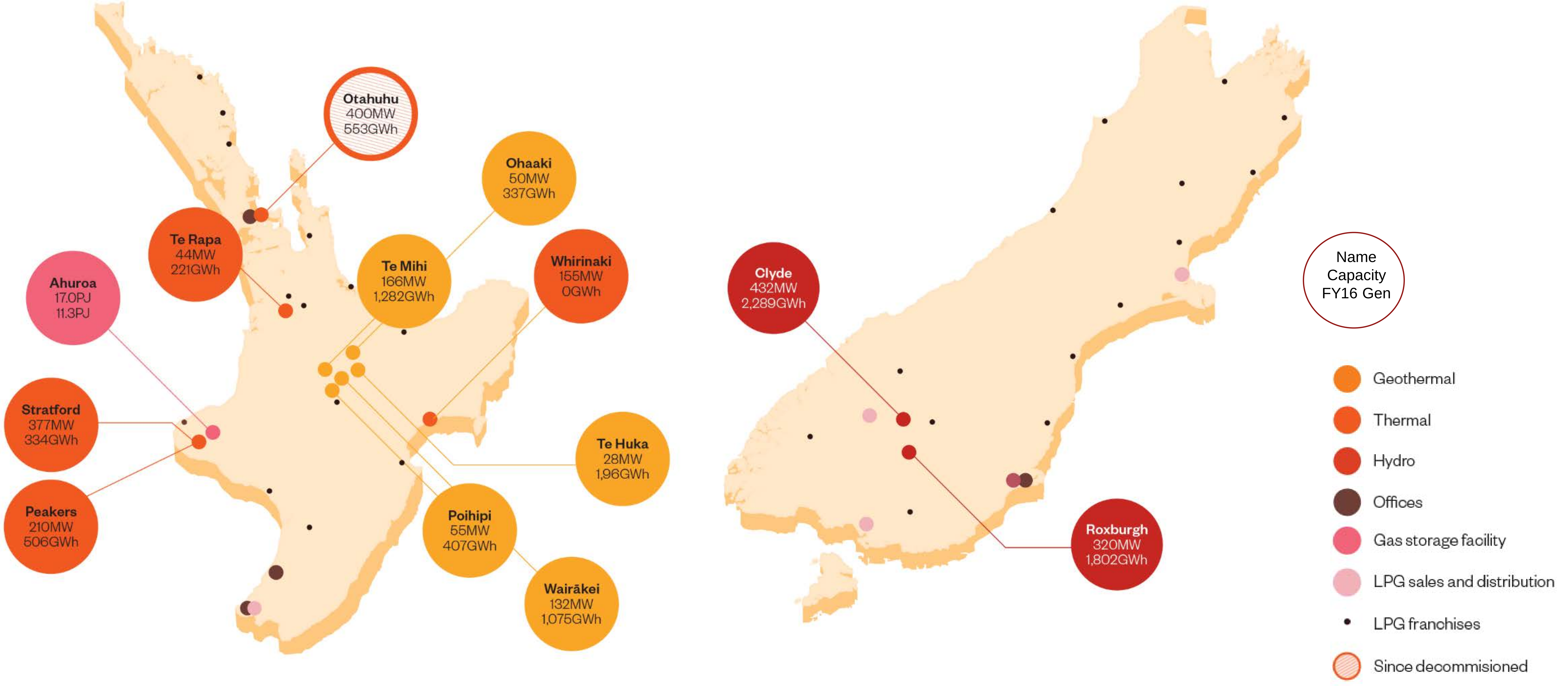
$2.8bn
net assets at 30 June 2016

BBB
S&P issuer rating since 2002

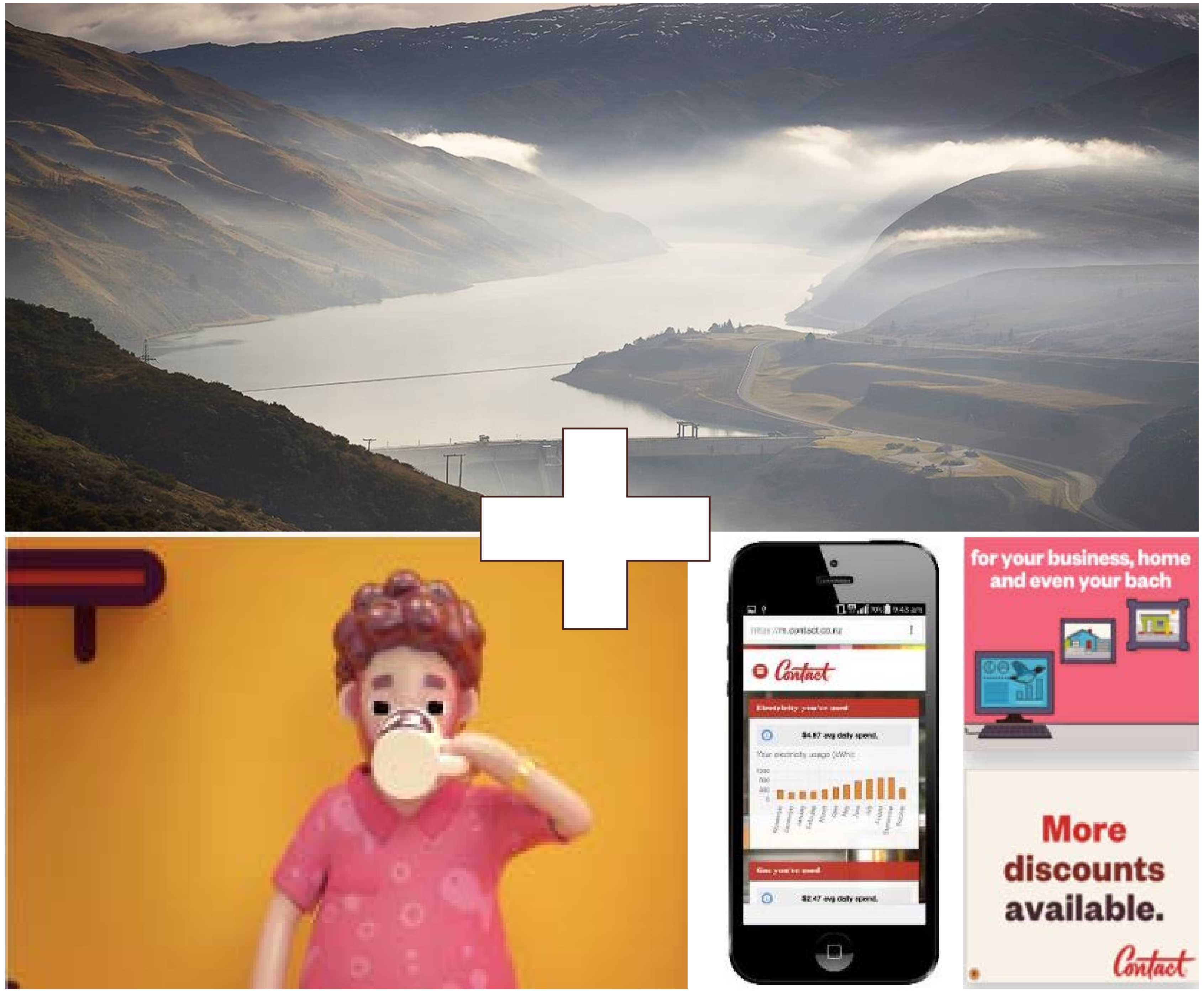
71k
share and bond investors at 31 December 2016

36%
gearing ratio as at 30 June 2016

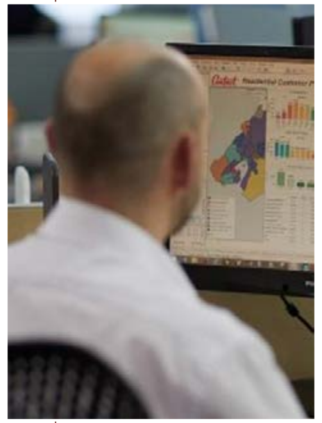
Contact's operations have a national focus with 11 power stations totalling 1,969 MW capacity



Connecting customers and markets to renewable resources



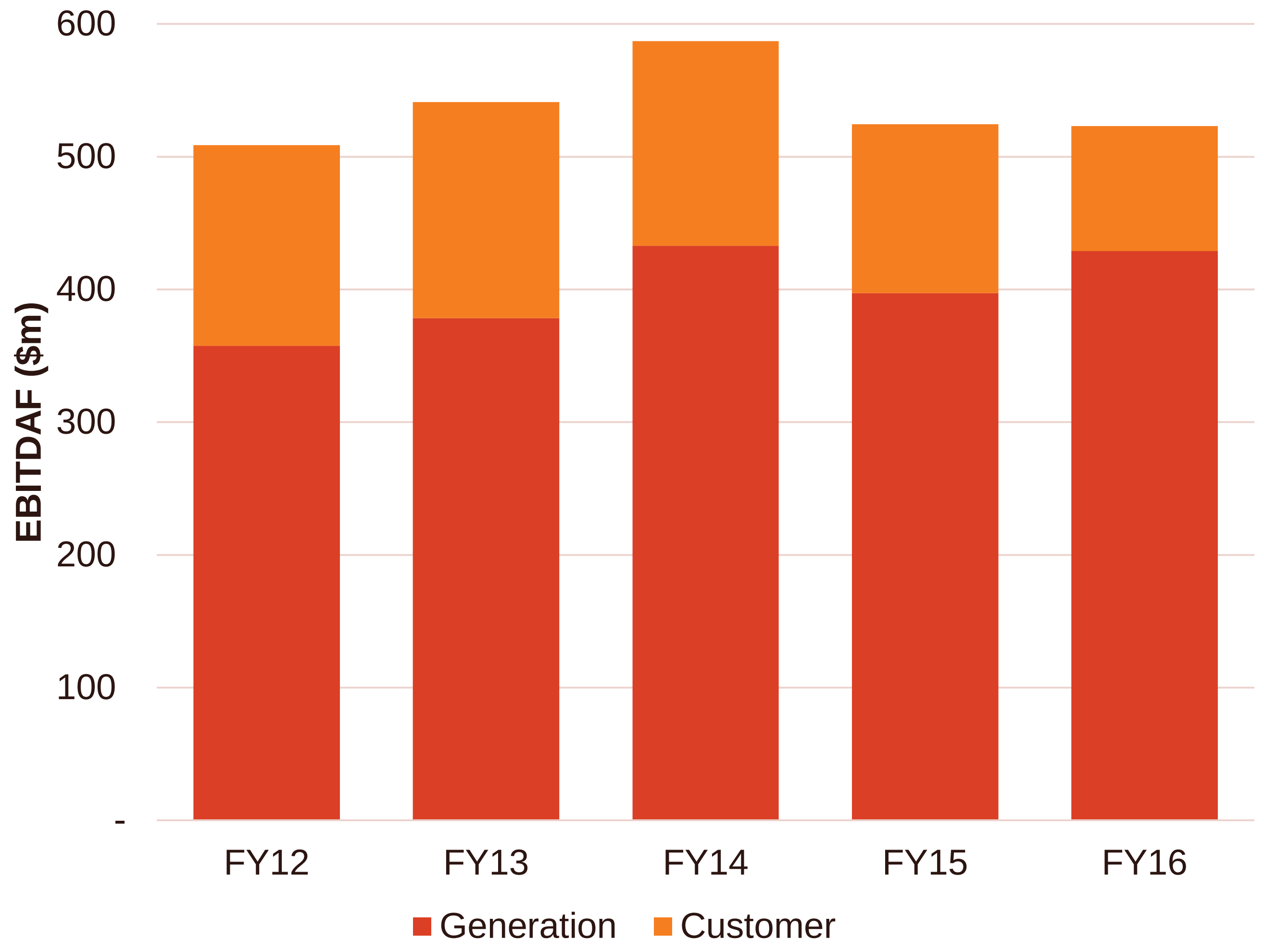
Investments in our generation portfolio have ensured a robust business with low-cost, long-life and flexible generation assets with our focus on safety, reliability and resource utilisation



Investments in core systems and capability is providing us opportunities to increase our digital connection to customers, improve our insights through analytics and is an attractive offering for partners in home services and new technologies

Well run generation and wholesale operations currently drive most cashflow

EBITDAF segmentation



- » Contribution from generation has increased following $1.7bn investment programme completed with the commissioning of Te Mihi in April 2014
- » Retail competition continues to put pressure on customer electricity margins
- » FY14 generation EBITDAF included $43m compensation as a result of the delayed start-up of the Te Mihi power station

Our generation is well positioned for the long term

Flexible thermal generation

Strong internalised risk management and safety culture

Low cost renewable generation portfolio

Balanced wholesale market

In a competitive retail market, converting improved operational performance into value remains the focus

We've listened to our customers and delivered

- New products
- Battery and solar trials

We've improved how we operate

- Debt management processes
- Streamlined online experience

We've organised our business for the new world

- Refreshed customer leadership team
- Digital and analytics capability

	1H15	2H15	1H16	2H16	1H17
Change in customer numbers	-7,300	-1,600	-9,800	+5,380	-3,100
Average time to answer (seconds)	220	268	222	141	128
Churn (variance to market)	+2.9%	-0.2%	+1.1%	-1.3%	-0.3%
% of residential customers on >10% discount	63%	70%	76%	82%	84%
% on a fixed term product	9%	10%	11%	24%	28%
% with MM dual fuels or products	18%	20%	20%	22%	22%
Cost to serve per customer	$113	$124	$122	$106	$118
Number of vacant properties	12,800	11,500	10,000	4,500	3,900
Average late bills >30 days	12,000	5,000	2,000	1,100	850
Bad debt expense (net) as a % of retail revenue	0.55%	0.70%	0.67%	0.52%	0.49%

3. Business performance update

Our financial framework

» Our focus is on free cash flow generation and ensuring a robust balance sheet

Free cash flow

» Operating cash flow
- *Less* net interest paid
- *Less* stay in business capex
- *Add* proceeds from asset sales

Balance Sheet

» Investment grade credit rating
- Net debt / EBITDA ratio of 2.6 – 3.0

Distributions

» Ordinary dividend equal to 100% underlying profit

» Special dividend where imputation credits available

» Share buyback

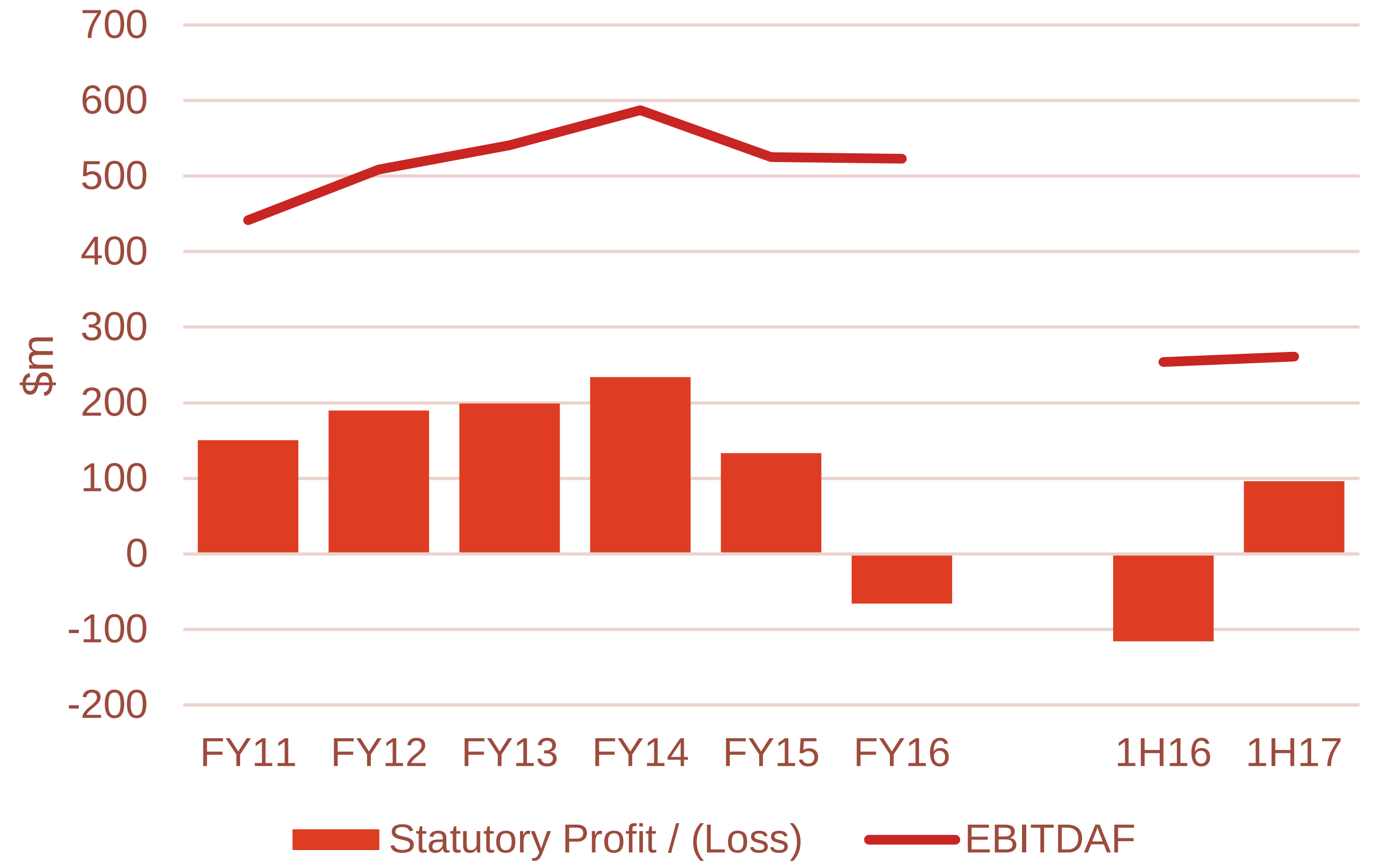
Investment in growth

» Returns greater than risk adjusted cost of capital

» Focus on areas of strength

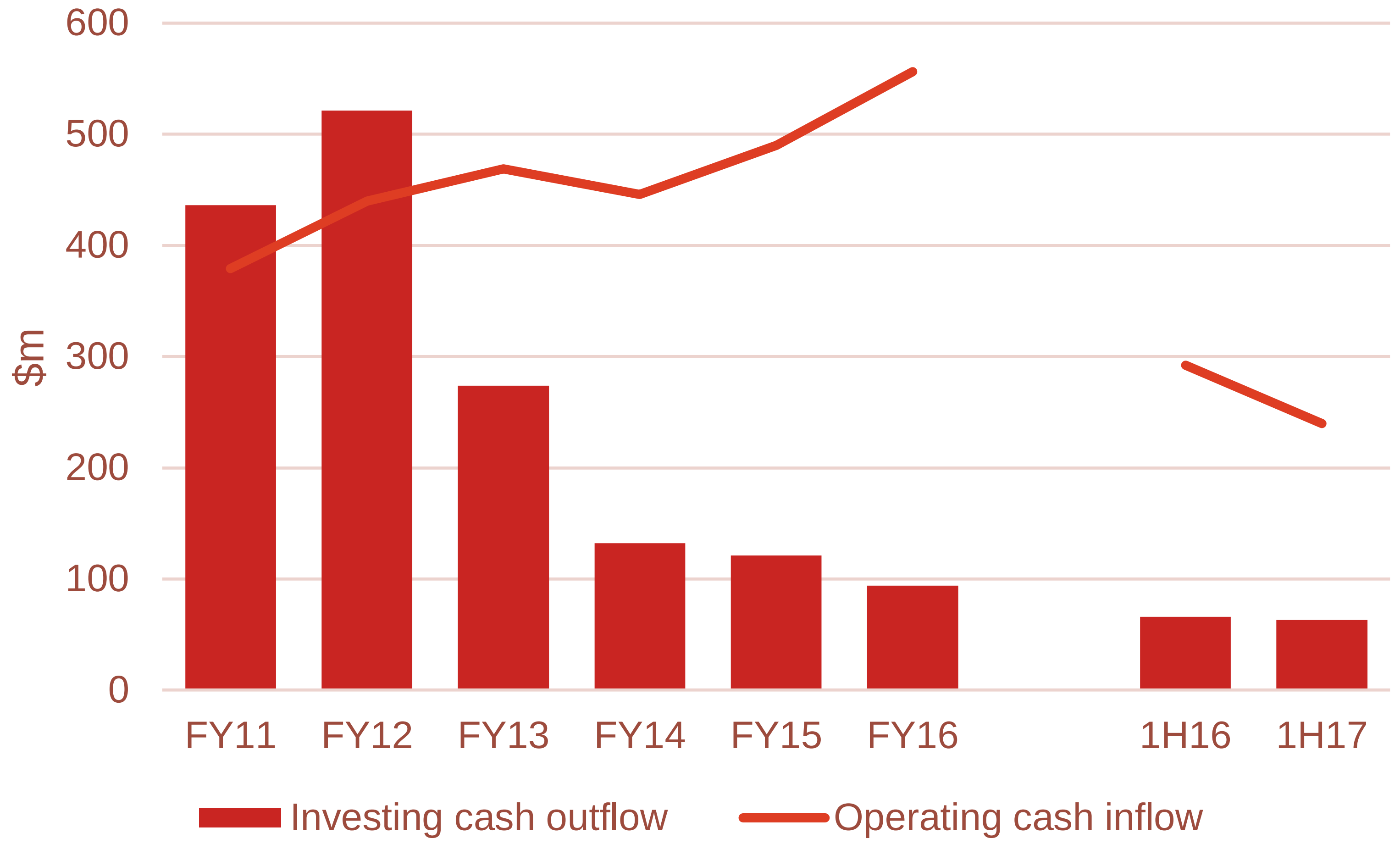
Following a period of significant capital investment, operating cash flow remains strong

Group EBITDAF and NPAT



» One off non-cash impairments at Otahuhu and Taheke and a write-down of inventory gas resulted in a loss in FY16 of $66m

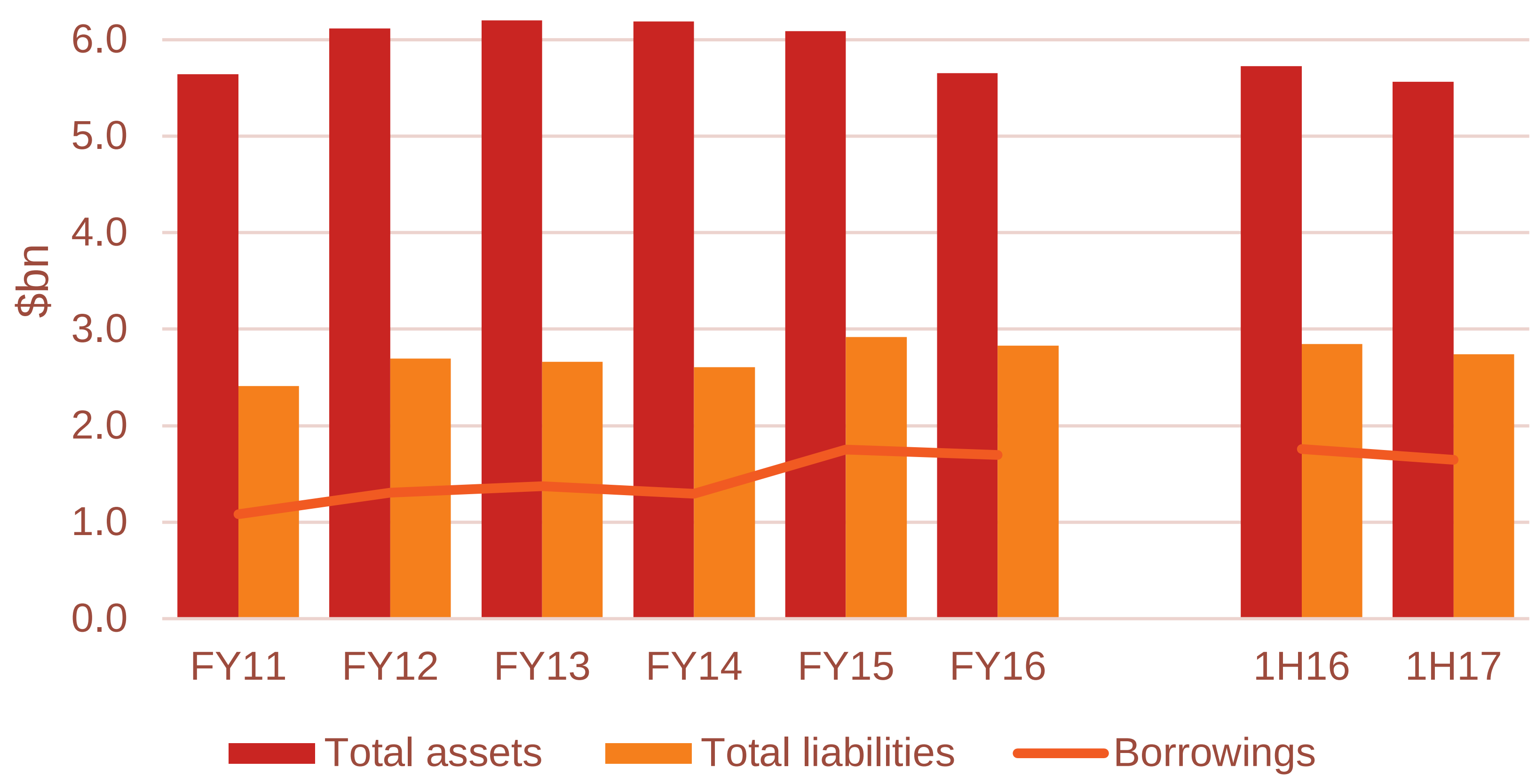
Group operating and net investing cashflow



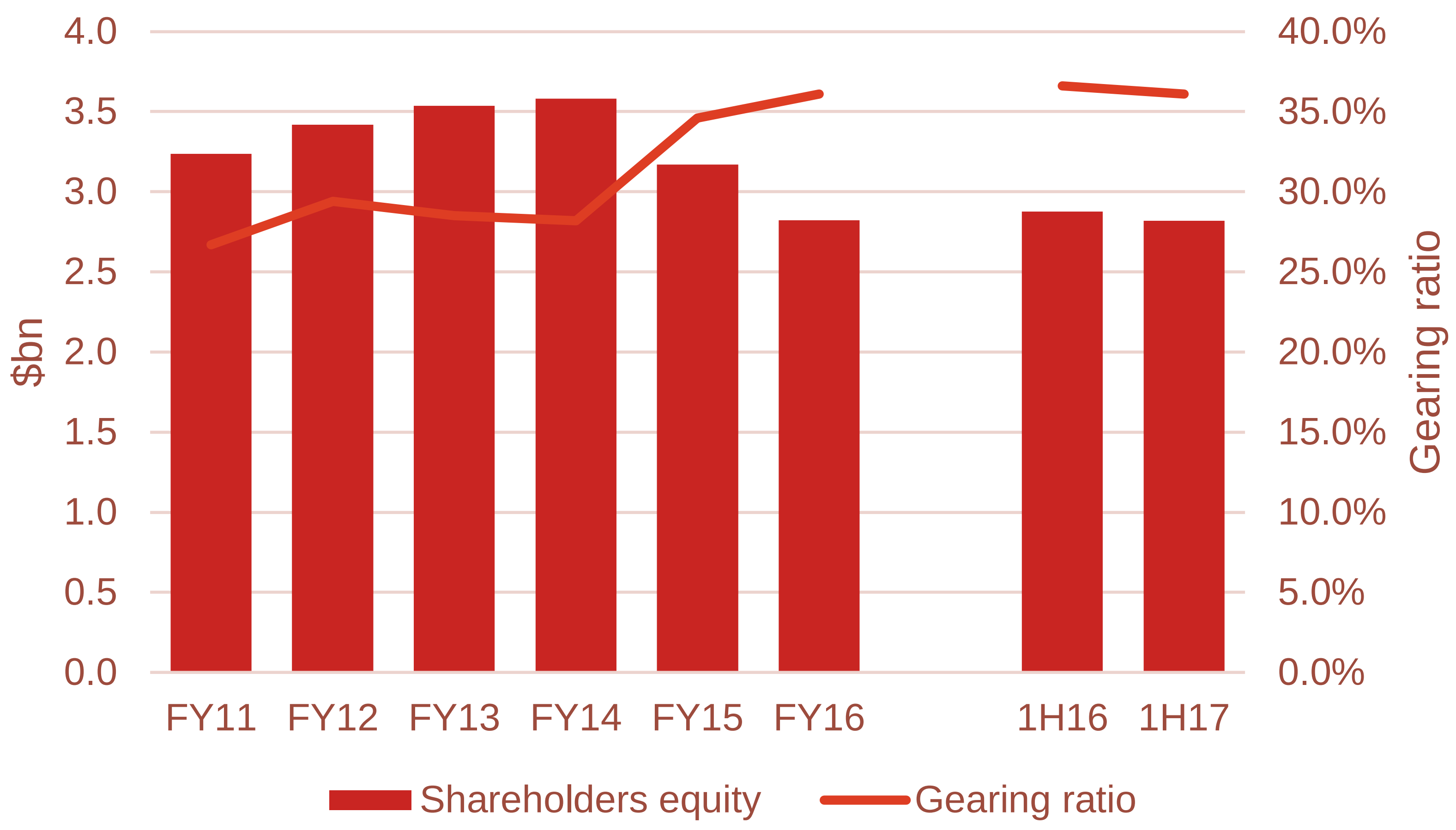
» Following a period of significant capital investment operating cash flow is strong, despite margin pressure in mass market electricity retailing

Contact raised equity to maintain its investment grade credit rating during the period of capital investment

Total assets and liabilities



Shareholders' equity and gearing



- Gearing has remained low over the period of capital investment, increasing in FY15 and FY16 due to capital management initiatives and one-off impairments reducing the book value of equity, and has since stabilised
- As at 31 December 2016:
  - Face value of total borrowings $1.61bn (including finance leases), relative to shareholders' equity of $2.82bn
  - Balance sheet gearing (net debt / net debt + shareholders' equity) is 36.1%

Focus continues on the reduction of both operating and capital expenditure

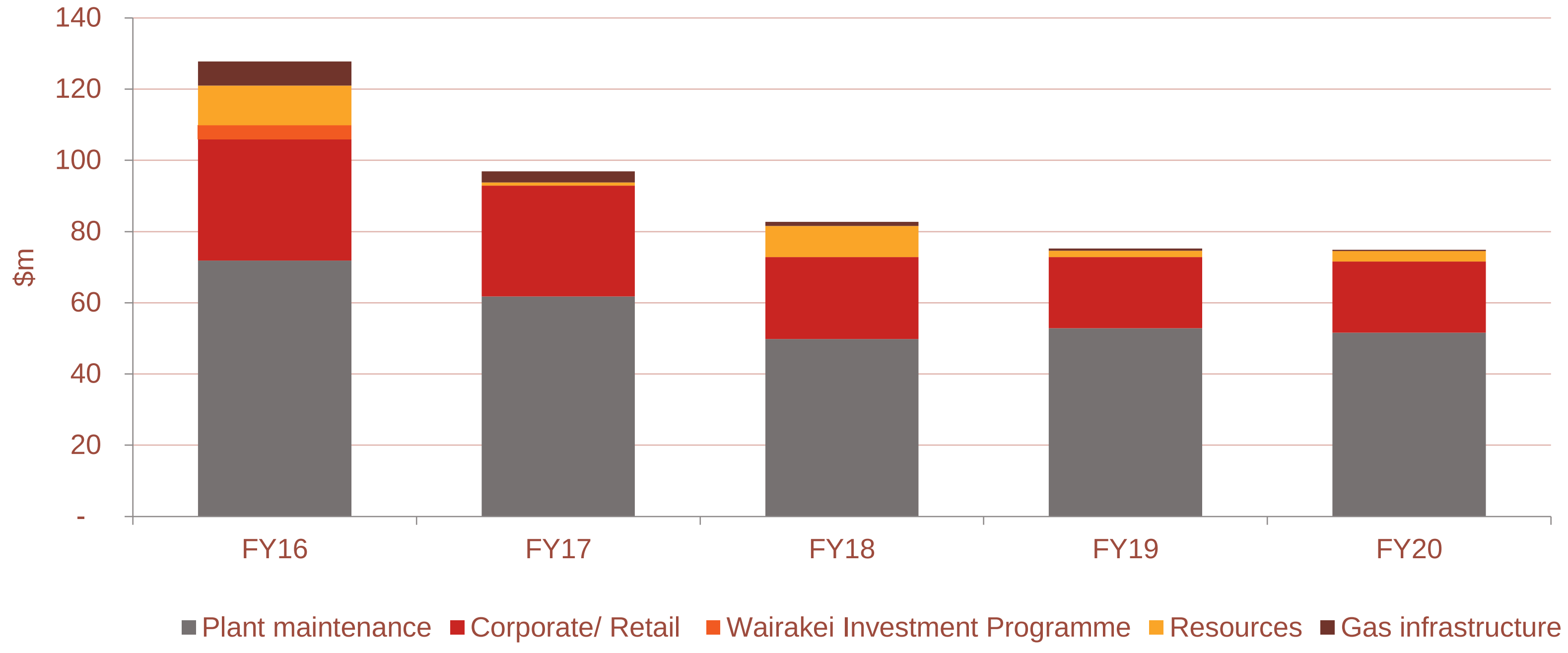
Other operating expenses

- » 1H17 other operating expenses were down $4m, 3% lower than 1H16
  - Labour costs down primarily due to reduced FTE's
  - Reduced bad debt write-offs
  - Lower insurance costs
  - AGS facility costs were re-classified in the period, increasing other operating expenses by $3m over 1H16 (full year impact on prior period comparison is $6m).
- » Savings to continue
  - IT systems simplification move to the cloud
  - Reduced churn costs and an increase in digital self-service

Capital expenditure

- » 1H17 capex $63m, $8m lower than 1H16
- » The reduction in thermal generation in the period has allowed for the partial deferral of TCC major maintenance with $9m moved from FY17 to FY18
- » Capex expected to be $70 - $80m per annum from FY18

Capital expenditure



4. Capital structure & funding requirements

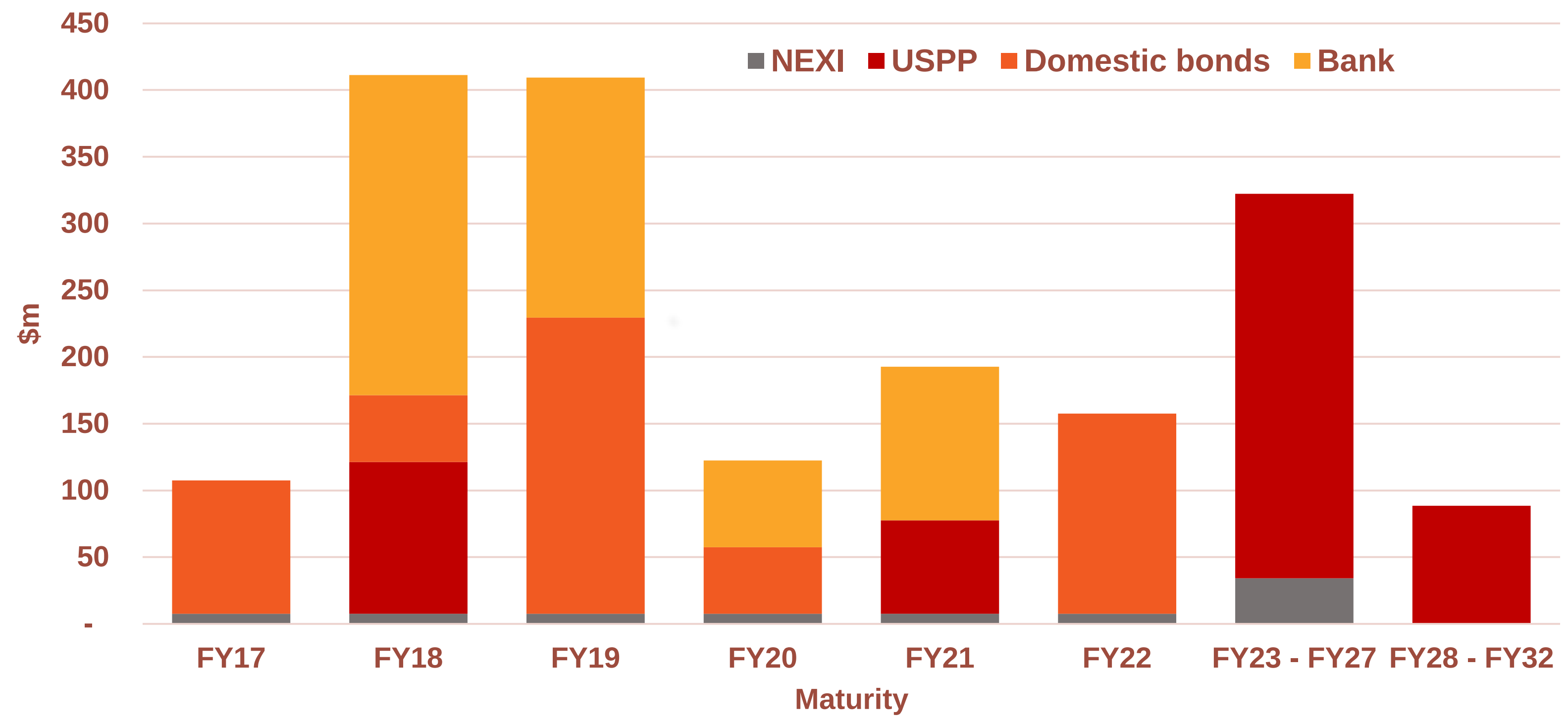
Contact remains committed to an investment grade credit rating

Contact has had a BBB rating since 2002 - why BBB?

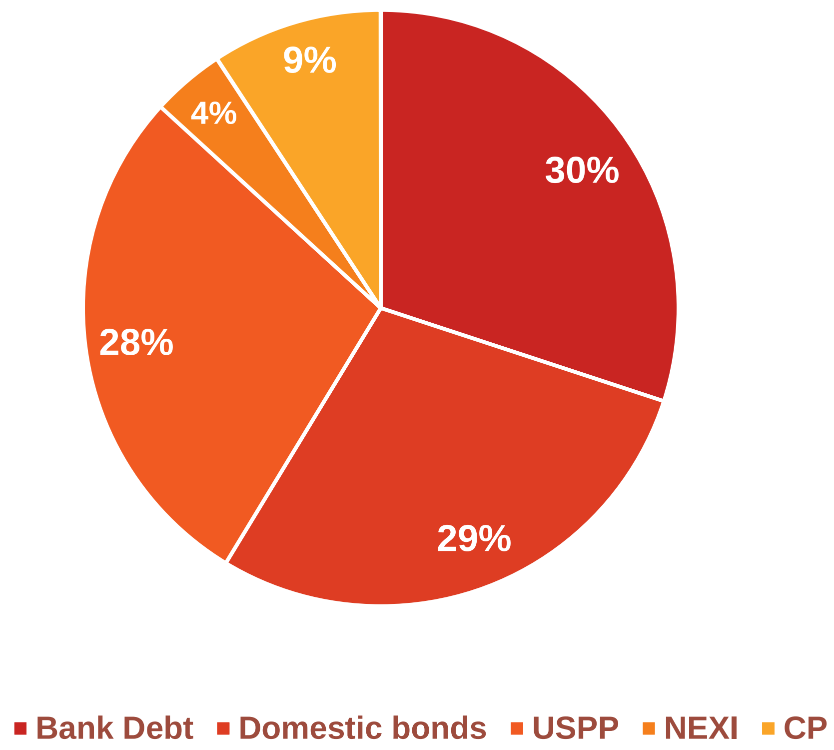
- Solid foundation for the management of operational and financial risks
- Efficient capital structure
- Access to diverse sources of funding markets and jurisdictions
- Attractive relative pricing and terms
- A margin of safety within the investment grade rating
- Debt levels and interest costs falling, with key S&P metric forecast to return to target net debt / EBITDA ratio of 2.6 – 3.0

Contact's balance sheet is supported by a robust funding portfolio

Funding maturity profile (at 31 December 2016)



Funding sources (at 31 December 2016)



» Contact benefits from a funding portfolio that is flexible, efficient, diverse and has a manageable maturity profile:

- As at 31 December 2016, $600m total committed bank facilities ($187m drawn) and $185m commercial paper
- Weighted average tenor of funding facilities 3.9 years at 31 December 2016
- Weighted average interest rate has fallen from 7.2% in FY12 to 5.3% in FY16 and 5.1% in 1H17

» Funding requirement arises from maturity of $100m of domestic wholesale bonds on 13 April 2017

» Following this bond issuance, Contact will have domestic bond maturities every calendar year from 2018 to 2022, demonstrating its commitment to this market

Contact credit highlights

- Independent board with diverse experience and perspectives
- Vertically integrated business with diversified portfolio
- Well run, largely renewable generation drives value
- Leveraging technology investment across large customer base
- Significant positive free cash flow
- Strong balance sheet
- BBB S&P issuer rating since 2002
- Diversified funding with well spread maturity profile

5. Bond offer information

Key terms of the offer

Issuer	Contact Energy Limited
Description	Unsecured, unsubordinated, fixed rate obligations of the Issuer
Negative Pledge	The Supervisor, on behalf of the Bondholders, has the benefit of certain provisions of the deed of negative pledge and guarantee between Contact and certain of its subsidiaries dated 19 May 2005 (Negative Pledge). Among other things, the Negative Pledge provides that Contact will not grant any security interest in its assets except under certain limited exceptions set out in the Negative Pledge. The Bonds are not guaranteed by any person
Issue Amount	Up to NZ$75,000,000 with the ability to accept oversubscriptions up to NZ$25,000,000 at the discretion of the Issuer
Maturity Date	15 November 2022
Interest Rate	The sum of the Base Rate plus the Issue Margin, on the Rate Set Date as set out in the Terms Sheet
Indicative Issue Margin	1.50 – 1.65% p.a.
Interest Payments	Quarterly in arrear in equal payments on 15 February, 15 May, 15 August and 15 November or such other dates in each year as determined by the Issuer with the prior written consent of the Supervisor and recorded in the register of the Bonds Interest paid on the first Interest Payment Date will be for the period from (and including) the Issue Date to the first Interest Payment Date (15 May 2017)
Application Amounts	Minimum NZ$5,000 with multiples of NZ$1,000 thereafter
Listing*	It is expected the Bonds will be quoted under the ticker code CEN040 on the NZX Debt Market
Issue Credit Rating	BBB (Standard & Poor's)
Financial Covenant	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (as described in the Negative Pledge) must not exceed 60%
Brokerage	Nil
Settlement	Settlement via secondary market transactions with Westpac Banking Corporation

* Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto have been complied with. However, NZX accepts no responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Key dates and offer process

Date	Process
13 February 2017 (Monday)	Offer opens
13 – 16 February 2017	Roadshow presentations in Auckland and Wellington and investor call
17 February 2017 (Friday)	Offer closes – bids due 12pm
17 February 2017	Allocations and rate set post 1pm
23 February 2017 (Thursday)	Issuance and settlement date
24 February 2017 (Friday)	Expected date of initial quotation
15 May 2017	First Interest Payment Date
15 November 2022	Maturity Date

Questions?